

CITY OF BUFFALO, IOWA

Community Center

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period
July 1, 2014 Through June 30, 2015

CITY OF BUFFALO, IOWA

Community Center

Table of Contents

	<u>Page</u>
City Officials	1
The Buffalo Community Center Commission	1
Independent Accountant's Report on Applying Agreed-Upon Procedures	2-4
Detailed Recommendations	5-8

CITY OF BUFFALO, IOWA

Community Center

City Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Douglas Anderson	Mayor	Dec 2015
Joan Marie Hammons	Council Member/Mayor Pro-tem	Dec 2015
Dave Stickrod	Council Member	Dec 2015
Sally Rodriquez	Council Member	Dec 2017
Olin Meador	Council Member	Dec 2017
Art Bartelson	Council Member	Dec 2017
Tanna Leonard	City Clerk	Indefinite
Riki Harrington	Deputy Clerk	Indefinite

The Buffalo Community Center Commission

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Connie La Mar	Commissioner and Community Center Manager	Indefinite
Bud La Mar	Commissioner	Indefinite
Jim Frank	Commissioner	Indefinite

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor
and Members of the City Council:

We have performed the procedures enumerated below which were agreed to by the City Council. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Buffalo, Iowa Community Center for the period July 1, 2014 through June 30, 2015. The City of Buffalo, Iowa's management, which agreed to the performance of the procedures performed, and the Buffalo Community Center Board, are responsible for the Community Center's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. Treasurer's reports
 - a. Obtain the twelve monthly treasurer's reports
 - i. Foot the reports
 - ii. Verify that the ending balance in one report equals the starting balance in the following report
2. Bank Statements
 - a. Obtain the twelve monthly bank statements
 - i. Review all bank statements for erasures or alterations, and scan for unusual withdrawals and/or checks
3. Cash:
 - a. Observe cash on hand, if any

- b. Select two monthly treasurer's reports, one being for June 30, 2015 and determine the ending cash balance(s) per the reports agree to the bank statement or reconciled bank balance
 - c. Confirm bank balances as of June 30, 2015 with the financial institution
 - d. Determine whether bank reconciliation were performed monthly, or quarterly, as the case may be
 - e. Obtain bank reconciliations for two months, or quarters if received quarterly, and perform the following:
 - i. Verify reconciling items to support
 - ii. Foot the bank reconciliations
 - iii. Ensure the list of outstanding checks, if any, include check number, amount and date written for each listed check
 - iv. Verify listed outstanding items cleared the bank after the selected month(s)
 - v. Trace reconciled balance for the selected month to the treasurer's report
4. Receipts:
- a. Perform a receipts to deposit test for one month (reconciling deposits per the bank statement to the corresponding treasurer's report)
 - b. Consider the possibility of un-deposited receipts
 - c. Scan the 12 monthly treasurer's reports for unusual receipts - Investigate accordingly
 - d. Make recommendations for improving procedures over cash receipts
5. Disbursements
- a. Scan the 12 monthly treasurer's reports for unusual disbursements - Investigate accordingly
 - b. Scan all cancelled checks, or images provided by the bank, looking for checks to city personnel, unusual vendors, and "cash"
 - i. Note amount and frequency of items found

- ii. Determine if checks are appropriate
- c. Select five (5) consecutive checks, or record of cash "paid outs" from alternating months and verify
 - i. The disbursements are adequately supported
 - ii. The amount and payee on the check match the treasurer's report
 - iii. The disbursement appears to meet the test of public purpose
- d. Make recommendations for improving procedures over cash disbursements

Based on the performance of the procedures described above, we identified various recommendations for the Buffalo Community Center. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of the City of Buffalo, Iowa, Community Center the objective of which is the expression of opinions on the Community Center's financial statements. Accordingly, we do not express opinions on the Community Center's financial statements. Had we performed additional procedures, or had we performed an audit of the Community Center, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees, Buffalo Community Center and citizens of the City of Buffalo, Iowa and other parties to whom the City of Buffalo, Iowa may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Buffalo, Iowa and the Buffalo Community Center during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bettendorf, Iowa
February 10, 2016

Gabelmann & Associates, P.C.

CITY OF BUFFALO, IOWA

Community Center

Detailed Recommendations

For the Period July 1, 2014 through June 30, 2015

- (1) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees, Board members, and volunteers to prevent an individual from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the Buffalo Community Center:
 - (a) Cash – handling, reconciling and recording.
 - (b) Receipts – opening mail, depositing, journalizing, reconciling
 - (c) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
 - (d) Financial reporting – preparing and reconciling.
 - (e) Journal entries – preparing and journalizing.

Recommendation – We realize segregation of duties is difficult with a limited number of volunteers. However, the City and Community Center should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available council members, Community Center Board members and volunteers, including elected officials. This may include:

- 1) Independent reviews of written reconciliations should be documented by the signature or initials of the reviewer and the date of the review
- 2) Currently, two unrelated people summarize the event receipts, make out the deposit slip, and accompany each other to the bank immediately after an event and deposit the various receipts in the night deposit box. Evidence of this procedure should continue to be documented by each person initialing the deposit slips (carbon copy). This is in accordance with the Community Center by-laws. Also, a police officer used to escort volunteers to the bank. We recommend this policy be re-instated.
- 3) Two unrelated people should reconcile the bingo summary to the bingo deposits. Evidence of this procedure should be documented by each person initialing or signing the bingo summary sheet, and the bingo deposit slips. Also, a police officer used to escort volunteers to the bank. We recommend this policy be re-instated.
- 4) The bingo payout sheet should be signed by the person recording the numbers drawn, and attested to by one other unrelated person by also signing the bingo sheet.

CITY OF BUFFALO, IOWA

Community Center

Detailed Recommendations

For the Period July 1, 2014 through June 30, 2015

- 5) The bingo payout sheet should include the names of the winners paid. Jackpot winners paid by check should be recorded on the bingo payout along with the check number used to payout the jackpot.
- 6) The community center volunteers should be trained to use the cash register at the Community Center and all receipts should be rang through the register. If one register is not sufficient to handle customers between bingo games, a second cash register should be purchased that works the same way as the other cash register. Register receipts should be used to reconcile the cash drawer(s), and deposit to bring the drawer cash down to a pre-determined amount, such as \$150.00.
- 7) Due to heavy traffic from bingo customers between games, consider the use of a POS system. Orders could be made and delivered to the tables rather than at the kitchen window in order to alleviate congestion. Current volunteers would need to be increased for this to work. If this is an untenable solution, other practical ways to document that all receipts are accounted for and shown as deposited should be developed by City and Community Center Board members.
- 8) The need for more volunteers from the community is evident.

- (2) Bank Reconciliations – The cash balances in the Community Center’s regular and bingo accounts were reconciled to bank account balances only by sight by Connie La Mar and not recorded anywhere else throughout the year. For the two months reviewed, bank and register book balances did not properly reconcile. No independent review was noted.

Recommendation – The Community Center should establish procedures to ensure an independent person performs the bank reconciliations, and initial them, and a third person should perform a review of the reconciliations and document the review by signing or initialing and dating the monthly reconciliations. The treasurer’s report and account registers for the bingo and regular checking accounts should be adjusted to reconciled balance at the end of each month. Bank reconciliations and bank statement copies could be presented as part of the monthly report to the Community Center Board and City Council.

- (3) Check Signers – We noted that only one signature is required for checks written.

Recommendation – The Buffalo Community Center Board should consider implementing a policy that a check requires two signatures.

CITY OF BUFFALO, IOWA

Community Center

Detailed Recommendations

For the Period July 1, 2014 through June 30, 2015

- (4) Review of Bank Statements for Erasures or Alterations, Scan for Unusual Withdrawals; Gas Reimbursements – We noted the regular check payment of \$40.00 once a month made payable to “Casey’s”. Upon inspection of receipts supporting the checks, a receipt from Casey’s did not always include \$40.00 in gas. In these instances, the receipts indicated that cash was received back for the difference. Per Connie La Mar, this has been approved by the Community Center Board.

Recommendation – The Community Center Board should adopt a policy relating to expense reimbursement by volunteers. Volunteers who drive for Community Center purposes should submit miles driven on an expense reimbursement form reflecting beginning and ending odometer readings and be reimbursed as a stated rate per mile driven.

- (5) Communications – We observed strained communication between City and Community Center board members. The City Council currently meets on the first Monday of the month. Bingo is held at the Community Center on Monday of almost every week. The City Council appoints two of its members as liaison to the Community Center Board. If the City Council and Community Center board want to meet currently they must arrange to meet at a time other than Monday evening. When we attended the Community Center Board meeting with City Council members, it was held on a Sunday at 2:00 p.m.

Recommendation – We recommend that the City Council move the appointed time of City Council meetings so that Community Center board members may attend. Tuesday evenings would accomplish this recommendation. This would enhance communication between City Council members and Community Center Board members.

- (6) Transparency – City Council members expressed concern over being able to tell whether or not the receipts from Community Center activities cover the costs of the events held. At one time, an outside accountant was preparing a Balance Sheet and an Income Statement reflecting a regular account, a bingo account, and Certificates of Deposit. These statements made it clear how the different types of receipts and related expenditures matched up. Also, these statements were posted in public view on a monthly basis at City Hall.

Recommendation - We recommend that the City Council approve appropriations to cover the cost of a part-time bookkeeper or accountant to prepare financial statements for the Community Center activities, and post the statements at City Hall for public inspection as they become available.

CITY OF BUFFALO, IOWA

Community Center

Detailed Recommendations

For the Period July 1, 2014 through June 30, 2015

- (7) Cash on Hand – On January 11, 2016, Tom Dryg from Gabelmann & Associates, P.C. visited the Buffalo Community Center to see Connie La Mar regarding counting the cash on hand. Connie presented the following cash accounts:

Register Cash	\$133.95
Bar Cash – for Saturday	\$300.00
Cash for supplies, and miscellaneous	\$ 24.75
Pop fund	\$ 40.00

Not observed was the advance for Bingo to be held that night, which is usually \$1,400.00.

Recommendation – Cash funds should be held at City Hall and kept in the safe when not needed. When taking money out of the safe, a receipt should be signed both by the person checking out the cash, and the person issuing the cash. After depositing event cash, a reconciliation should be provided showing the following:

Beginning Cash

Plus: receipts

Less: paid outs

Less: amount deposited

Plus(Less): over, or (short)

Ending cash returned to the safe